

Message Text

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THE FOLLOWING IS A BYLINED ARTICLE BY AMBASSADOR EILTS FOR
PUBLICATION IN COMMERCE TODAY:

UNDER THE LEADERSHIP OF PRESIDENT SADAT, THE EGYPTIAN GOVERNMENT IS LIBERALIZING THE ECONOMY AND DEVELOPING AN OPEN ECONOMIC POLICY. ALONGSIDE THE PUBLIC SECTOR, PRIVATE SECTOR ECONOMIC ACTIVITIES ARE BEING ENCOURAGED. THE FIRST SIGNS OF A SURGE OF ECONOMIC ACTIVITY ARE BEGINNING TO APPEAR.

THE ECONOMIC CLIMATE HAS BEEN GREATLY IMPROVED BY EGYPT'S DEDICATION TO THE NEGOTIATING PROCESS IN SEEKING A MIDDLE EAST SETTLEMENT. EGYPT HAS BEEN CLOSELY COOPERATING WITH THE UNITED STATES IN THIS MAJOR ENDEAVOR.

PRESIDENT SADAT IS GIVING PRIORITY TO A NUMBER OF ECONOMIC POLICIES. RANKING HIGH AMONG THESE PRIORITIES ARE PROGRAMS FOR (A) COMMODITY IMPORTS, (B) RECONSTRUCTION OF THE CITIES ALONG THE SUEZ CANAL, (C) REACTIVATION AND UTILIZATION OF IDLE INDUSTRIAL CAPACITY, AND (D) REHABILITATION OF THE ECONOMIC INFRASTRUCTURE. IMPLEMENTATION AND PLANNING OF PROJECTS RELATING TO THESE PRIORITIES IS ALREADY UNDERWAY, CREATING OPPORTUNITIES FOR THE

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SALE OF US EQUIPMENT AND SERVICES.

GENERAL ECONOMIC CONDITIONS ARE IMPROVING DUE TO NEW GOVERNMENT POLICIES AND FOREIGN ECONOMIC ASSISTANCE AND INVESTMENT. SINCE THE OCTOBER WAR, EGYPT HAS RECEIVED ASSISTANCE OFFERS OF ABOUT 2 BILLION DOLLARS FROM VARIOUS DONORS. ARAB INVESTMENT IN EGYPTIAN REAL ESTATE HAS ALREADY HAD A MARKED EFFECT ON PROPERTY VALUES. INVESTMENT IN OTHER AREAS IS RISING.

INVESTMENT PROJECTS, INVOLVING AT LEAST PARTIAL FOREIGN EQUITY, TOTALLING MORE THAN 3 BILLION DOLLARS ARE BEING DISCUSSED. THESE PROJECTS RANGE IN SIZE FROM IMMENSE PETROCHEMICAL COMPLEXES, REFINERIES AND SPONGE IRON COMPLEXES TO A VARIETY OF SMALL MANUFACTURING VENTURES IN THE 2-10 MILLION DOLLAR RANGE.

THE EGYPTIAN GOVERNMENT HAS TAKEN IMPORTANT STEPS TO ENCOURAGE FOREIGN INVESTMENT IN EGYPT. FREE ZONES HAVE BEEN ORDERED ESTABLISHED ALONG THE SUEZ CANAL AND IN OTHER PARTS OF EGYPT. AN IMPORTANT NEW INVESTMENT LAW HAS BEEN ENACTED BY THE PEOPLE'S ASSEMBLY. THIS NEW LAW PERMITS FOREIGN OWNERSHIP OF BUSINESSES IN EGYPT AND IS INDICATIVE OF THE NEW DIRECTION OF THE EGYPTIAN ECONOMY. THE LAW'S MORE LIBERAL PROVISIONS CONCERN, AMONG OTHER THINGS, THE REMITTANCE OF PROFITS AND TAX EXEMPTIONS FOR UP TO FIVE YEARS.

THE UNITED STATES IS ALSO ENCOURAGING AMERICAN INVESTMENT IN EGYPT. DURING SECRETARY OF THE TREASURY SIMON'S VISIT IN JULY THE US/EGYPTIAN INVESTMENT GUARANTEE AGREEMENT WAS REACTIVATED. AS A RESULT, OVERSEAS PRIVATE INVESTMENT CORPORATION INSURANCE AND CREDITS IN BOTH HARD AND LOCAL CURRENCY ARE AVAILABLE. INSURANCE COVERAGE CAN BE OBTAINED FOR CURRENCY CONVERTABILITY, EXPROPRIATION AND WAR RISKS.

FACILITATION OF AMERICAN INVESTMENT IN EGYPT IS PRESENTLY BEING DISCUSSED BY THE NEW US/EGYPTIAN JOINT WORKING GROUP ON DEVELOPMENT AND INVESTMENTS. THE US EMBASSY IN CAIRO IS MAKING PREPARATIONS TO SERVE THE REQUIREMENTS OF AMERICAN BUSINESS AND WILL BE PLEASED TO GIVE ALL APPROPRIATE ASSISTANCE TO VISITING BUSINESSMEN. THE UNITED STATES EXPECTS TO BE REPRESENTED AT THE CAIRO INTERNATIONAL FAIR IN MARCH OF 1975.

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THE ADMINISTRATION HAS REQUESTED 250 MILLION DOLLARS FROM CONGRESS FOR THE CURRENT FISCAL YEAR TO BE USED TO ASSIST SHORT-TERM ECONOMIC RECONSTRUCTION AND DEVELOPMENT.

FUNDS WILL BE PROVIDED TO ASSIST IN THE CLEARING OF THE SUEZ CANAL. A SUBSTANTIAL PORTION OF THE 250 MILLION, WHEN APPROPRIATED BY THE CONGRESS, WILL PROBABLY BE DEVOTED TO THE REBUILDING OF THE MAJOR CITIES ALONG THE CANAL. IN ORDER TO REDUCE IDLE PLANT

CAPACITY IN EGYPT, THE UNITED STATES PLANS TO ASSIST IN THE PROCUREMENT OF EQUIPMENT, SPARE PARTS AND INDUSTRIAL INTERMEDIATE GOODS. THE US ASSISTANCE PACKAGE ALSO WILL INCLUDE SUBSTANTIAL AMOUNTS OF US SURPLUS COMMODITIES.

A SUBSTANTIAL NUMBER OF AMERICAN COMPANIES ARE ALREADY TAKING ADVANTAGE OF THE IMPROVED CLIMATE FOR SALES AND INVESTMENT. MANY AMERICAN FIRMS HAVE EXPRESSED INTEREST IN THE MULTI-BILLION DOLLAR PLANS FOR RECONSTRUCTION OF CANAL CITIES. A NUMBER OF AMERICAN CONSULTING ENGINEERING FIRMS ARE AMONG THE FIRMS BEING CONSIDERED FOR THIS PROJECT.

SALES OPPORTUNITIES ALSO EXIST IN THE PETROLEUM SECTOR. TWENTY-TWO PETROLEUM COMPANIES, INCLUDING ABOUT 15 AMERICAN COMPANIES, HAVE SIGNED PETROLEUM EXPLORATION AND DEVELOPMENT AGREEMENTS WITH THE EGYPTIAN GENERAL PETROLEUM COMPANY. OBLIGATIONS HAVE BEEN MADE TO SPEND SEVERAL HUNDRED MILLION DOLLARS ON EXPLORATION IN THE NEXT TWO YEARS.

A NUMBER OF AMERICAN COMPANIES HAVE OPENED OR PLAN TO OPEN OFFICES IN CAIRO. A NEW AGENCY LAW, WHICH ONCE AGAIN PERMITS PRIVATE SECTOR REPRESENTATION OF FOREIGN FIRMS IN EGYPT, HAS BEEN PROMULGATED.

IMPLEMENTING INSTRUCTIONS, HOWEVER, HAVE NOT YET BEEN ISSUED. FOUR AMERICAN BANKS HAVE RECEIVED PERMISSION TO CONDUCT CERTAIN TYPES OF BANKING ACTIVITY IN EGYPT. A NUMBER OF OTHER US BANKS HAVE EXPRESSED THEIR INTEREST.

LARGE NUMBERS OF US BUSINESSMEN ARE BEING ATTRACTED BY THE SIGNIFICANTLY BETTER AND IMPROVING ECONOMIC AND INVESTMENT CLIMATES. SUBSTANTIAL INCREASES IN THE SALES OF US GOODS AND SERVICES ARE POSSIBLE IN THE IMMEDIATE FUTURE.

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